TN Department of
Revenue

Electronic Funds Transfer Payment Information

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Introduction

In order to maximize the benefit of taxpayer's dollars, the Tennessee General Assembly has authorized the commissioner of Revenue to require certain tax payments to be made immediately available to the state on or before the payment due date. Rules and regulations have been established by the Department of Revenue for the administration of this legislation, and the Payment Procedures contained in this document were originally implemented on January 1, 1992.

Two payment options are available that use the Automated Clearing House (ACH) system to electronically transfer tax payments. The ACH system is a nationwide network designed for this purpose, and is the preferred transaction method for many financial institutions and corporations. The clearing facilities, delivery methods and settlement services operated by the Federal Reserve System are utilized within this network in order to maintain security and increase the efficiency of transactions.

If help is needed with these transactions or with any part of the EFT payment process, please contact:

Electronic Commerce Hot Line: (866) 368-6374, toll-free in Tennessee or (615) 253-0704, Nashville-area and out-of-state.

What Are the Two Payment Options?

1. **Automated Clearing House Debit (ACH Debit)**

Under this option, the taxpayer authorized the state of Tennessee to electronically transfer tax payments from the taxpayer's depository into the state's account. Initiation of the transaction occurs through a toll-free telephone call or through use of the Internet from the taxpayer to Global Payment Systems. The call or Internet transaction must be made at least one business day before the tax is due by 3 p.m., Central Time. The actual transfer of funds will take place one business day after the transaction has been initiated. Payment warehousing is available, for up to one year before a payment is due. The entire transaction must be completed by the due date in order to avoid penalty and interest charges. See Appendix A for detailed instructions.

2. **Automated Clearing House Credit (ACH Credit)**

This option allows the taxpayer to initiate ACH transfers using the CCD + format (Cash Concentration and Disbursement). Most depositories or other currency management service providers usually charge a nominal fee for this service. The taxpayer will contact their depository or currency management service provider and instruct them to initiate the transaction at least a business day before the due date. The tax payment will then be withdrawn from the taxpayer's account on the due date and be deposited into the state's account. The funds transfer to the state must be completed by the due date in order to avoid penalty and interest charges. See Appendix B for detailed Instructions.

Appendix A: How to Use the ACH Debit Method

1. The taxpayer enrolls for the service via the Internet through Global Payment Systems. A link for this enrollment can be found on the Department of Revenue's website at www.tn.gov/revenue.

2. The enrollment will provide Revenue with the following information:

   - Taxpayer Name
   - Taxpayer Address
   - Taxpayer Revenue Account Number for the Tax Type
   - Contact Person Name and Telephone Number
   - Taxpayer Bank Name and Address
   - Taxpayer Bank American Bank Association (ABA) Number
   - Taxpayer Bank Account Number

   You will be asked to provide a copy of a voided check or deposit slip to verify ABA and bank account numbers.

3. Taxpayer will receive a set of reporting instructions with a PIN number. There will be separate reporting instructions issued for each tax type being paid by the ACH Debit method. The instructions will also provide a toll-free number and website address to authorize the transfer of funds.

4. Taxpayer makes a toll-free call or uses the Internet to authorize the transfer of funds and provides the following information:

   - Federal or State Code (2-digit code provided by Global Payment Systems)
   - Bank Number (4-digit code provided by Global Payment Systems)
   - PIN Number
   - Password (if using the Internet)
   - Taxpayer Revenue Account Number
   - Payment Amount
   - Ending Period Covered (MM/YYYY) (Month and Year of Return)
   - Tax Type Code
   - Settlement Date (MM/DD/YYYY) (Due Date of the Tax)

Please note that this toll-free call to authorize an ACH Debit Transaction must be made before 3 p.m., Central Time, one business day prior to the due date.

5. Separate transactions must be made for each tax type or for each tax document type. Separate transactions must also be made for each tax period being paid.

Notice: Payment initiated using Global Payment Systems are sent to the receiving bank via the Automated Clearing House (ACH) as a CCD transaction type. Some customers have filters or debit blocks on their bank account the would prohibit this type of payment from being processed without the receiving bank's prior knowledge of the Department of Revenue's intent to debit the bank account designated in the payment transmission. This can be resolved by providing the bank with the following 10-digit company I.D. number (or identifier) to store on file prior to initiating payments through GPS. The number is 6626001445.

Appendix B: How to Initiate an ACH Credit

1. The taxpayer submits an ACH Credit Enrollment Form to the Department of Revenue with the following information:
   - Taxpayer Name
   - Taxpayer Address
   - Taxpayer Revenue Account Number for the Tax Type
   - Contact Person Name and Telephone Number

2. Taxpayer must make necessary arrangements with their depository of other cash management services to initiate ACH Transactions using the CCD Plus (CCD +) format. The free-form field of the special addenda record must be formatted in accordance with the Tax Payment Banking Convention (TXP) as adopted by National Automated Clearing House Association.

3. Separate transactions must be made for each tax type or for each tax document type. Separate transactions must also be made for each tax period being paid.

4. Refer to your depository or other cash management service for the *general* procedures and file specifications required in order to initiate and ACH Credit using the CCD + format.

5. The following information, unique to the Tennessee ACH Tax Credit, must be included in the appropriate fields of the ACH entry detail record.

Entry Detail Record Format

Field Sequence		Field Name	Field Contents	Columns From	To	Length
2	M	Transaction Code	"22"	2	3	2
3	M	Receiving DFI ID	"06410709"	4	11	8
4	M	Check Digit	"1"	12	12	1
5	R	DFI Account	"82334700$_{bbbbbbbb}$"	13	29	17

2 - Transaction Code – Mandatory
Transaction Codes have been defined to identify various types of debit and credit entries. For credit entries, this field must be "22" – automated deposit.

3 - Receiving DFI Transit/Routing Number – Mandatory
This field must have a value of "06410709," which will identify the DFI receiving the data for the transaction.

4 – Receiving DFI Check Digit – Mandatory
This field must have a value of "1," which is the check digit for the receiving DFI transit/routing number above.

5 – DFI Account Number – Required
This field must have a value of "82334700bbbbbbbb," which is the account number of the receiving DFI. The field must be left justified and trailing nine positions must be blank, indicated above with a "b."

Entry Detail Addenda Record Format

Field Sequence		Field Name	Field Contents	Columns From	To	Length
1	M	Record Type Code	"7"	1	1	1
2	M	Addenda Type Code	"05"	2	3	2
3	M	Segment ID	"TXP"	4	6	3
4	M	Separator	"*"	7	7	1
5	M	Revenue Account Number	Numeric	8	16	9
6	M	Separator	"*"	17	17	1
7	M	Tax Type Code (found below)	Numeric	18	22	5
8	M	Separator	"*"	23	23	1
9	M	Tax Period End Date	YYMMDD	24	29	6
10	M	Separator	"*"	30	30	1
11	M	Amount Type Code	"T"	31	31	1
12	M	Separator	"*"	32	32	1
13	M	Amount	Numeric	33	42	10
14	M	Segment Terminator	"\"	43	43	1
15	M	Reserved	Spaces	44	83	39
16	M	Special Addenda Sequence	Numeric	84	87	4
17	M	Entry Detail Sequence Number	Numeric	88	94	7

*Variable

1 – Record Type Code – Mandatory
This field must have a value of "7, "which will identify this record as an entry detail addenda record.

2 – Addenda Type Code – Mandatory
The addenda type code defines the specific interpretation and format for the addenda information contained in the same record. The value for this field is "05," which indicates special addenda information for CCD entries.

3 – Segment Identifier – Mandatory
This field must have a value of "TXP," which identifies this as being a tax payment.

4 – Separator – Mandatory
This field must be an asterisk (*), which identifies a separator.

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5 – Revenue Account Number – Mandatory
This field must be the sending company's Revenue account number of the specific tax being paid. Do not use FEIN for this field.

6 – Separator – Mandatory
This field must be an asterisk (*), which identifies a separator.

7 – Tax Type Code – Mandatory
This field is used to determine the tax and document type of the associated payment. See Appendix C for the values to be used.

8 – Separator – Mandatory
This field must be an asterisk (*), which identifies a separator.

9 – Tax Period End Date – Mandatory
This field is the ending period covered for the associated tax payment. It must contain six numeric values for the year, month and day. If the ending period is only year and month, enter zeroes for the day.

10 – Separator – Mandatory
This field must be an asterisk (*), which identifies a separator.

11 – Amount Type Code – Mandatory
The value of this field must be a "T" to indicate that the payment is a tax payment.

12 – Separator – Mandatory
This field must be an asterisk (*), which identifies a separator.

13 – Amount – Mandatory
The amount of this transfer must be the same value as the amount field in the entry detail record. Leading zeroes need not be included.

14 – Segment Terminator – Mandatory
This field must be a "back slash" (\) to identify it as a segment terminator. [3]

15 – Reserved – Mandatory
This field should be filled with spaces.

16 – Special Addenda Sequence Number – Mandatory
   The value of this field must be a "1" to indicate one special addenda record present.

17 – Entry Detail Sequence Number – Mandatory
   This field contains the ascending sequence number section of the entry detail record's trace number. This number is the same as the last seven digits of the trace number field of the associated entry detail record.

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[3] Please note that the format of fields 3 (segment identifier) through 14 (segment terminator) must be in accordance with the Tax Payment Convention (TXP) as adopted by NACHA.

Appendix C: Tax Type Code – Table 1

Franchise & Excise	01050	Annual Return
	01051	Extension
	01053	Estimated Payment (Qtr. 1)
	01054	Estimated Payment (Qtr. 2)
	01055	Estimated Payment (Qtr. 3)
	01056	Estimated Payment (Qtr. 4)
	01057	Amended Return
Business Tax	02051	County Business Tax Return
	02052	Municipal Business Tax Return
	02053	Industrial Loan and Thrift (Class 5)
	02059	Business Tax Debit Payment
Gross Receipts Taxes	04001	Bottler's Return (Monthly)
	04002	Bottler's Return (Annual)
	04003	Gas, Water, Electric, Power, Light (Monthly)
	04004	Gas, Water, Electric, Power, Light (Annual)
	04005	Mixing Bar
	04011	Gross Receipts Debit & Installment Payments
Alcoholic Beverages	06001	Alcoholic Beverage Tax Report (Wholesale)
	06002	Distiller's Report
	06006	Alcoholic Beverage Debit Payment
Beer Taxes	07001	Beer Barrelage
	07002	Wholesale Beer – 17%
	07003	Beer Tax Debit Payment

Solid Waste	09001	Tire Tax Return
	09002	Used Oil Return
	09003	Solid Waste Debit Payment
Motor Fuels	10035	Motor Fuels Debit Payment
	10350	Distributors Return
	10351	Limited Users Return (Annual)
	10355	LG Dealers (Quarterly)
	10356	LG Users Return (Annual)
	10358	Prepaid Users Report
	10360	Renewal Producers Fuel (Annual)
	10364	LG Users Renewal for Decals
	10365	LG Users Application for Decals
	10366	Compressed Natural Gas Return
	10368	Blenders Return
	10372	Terminal Operator Return (Monthly)
	10373	Transporter Return
	10374	Terminal Operator Return (Annual)
	10377	Exporter Tax Return & Claim for Refund

Electronic Funds Transfer Options Information

ACH Debit (Recommended Option)

What happens:

- Business Day Before
- Payment Due Date:
  - Taxpayer reports key payment information to Global Payment Systems by 3 p.m., Central Time.
  - Global Payment Systems transmits reported information to the Department of Revenue and to the ACH System.
  - Payment Warehousing is available for up to one year before a payment is due.

Payment Due Date:

- Pre-authorized funds are electronically withdrawn from taxpayer's designated bank account and credited to State's Treasury account on the business day following the phone call.
- Department of Revenue updates payment records.

Advantages:

- Simple one-step process for taxpayer once the phone call or Internet transaction is made to Global Payment Systems, taxpayer can have confidence that Treasury will receive payment on the due date.
- No expense for the transaction for the taxpayer.

ACH Credit

What happens:

- Business Day Before
- Payment Due Date
  - Taxpayer instructs its bank to send an ACH credit to the State's Treasury for settlement on the payment due date. Taxpayer includes remittance information (State Account Number, Tax Type Code, Ending Period Date) with the payment for proper posting to their account.
  - Bank reports information to the ACH System.

Payment Due Date:

- Funds are electronically deposited to the State's Treasury designated bank account.
- State Treasury provides detailed payment information to the Department of Revenue.
- Department of Revenue updates payment records.

Advantages:

- Less expensive than wire transfers
- Treasury receives early morning notification of incoming ACH transactions.
- No phone calls to 3rd party vendor.

Disadvantages:

- Taxpayer must add extra step to payment process by notifying its bank to initiate the ACH credit.
- Taxpayer increases the chance of late payment if there is a failure in communication with its bank on instructions for initiating the ACH credit.
- Taxpayer's bank may not have capability of originating ACH transactions.